Remarks

In response to the Office action mailed June 30, 2006, reconsideration and allowance are respectfully requested.

As an initial matter, please note that the claims list provided with the June 22, 2006 Preliminary Amendment should have indicated that claims 33-38 were "currently amended" rather than "original."

As to the outstanding Office action, Applicant respectfully traverses the restriction requirement. Applicant provisionally elects Group III: claims 50, 52, 105, and 107. Applicant also adds computer-based method claims 108 and 109, which are analogous to method claims 50 and 52, respectively, and should be grouped with the other claims of Group III. No new matter is presented. Applicant respectfully defers canceling the claims of Groups I and II pending consideration of this request for reconsideration of the restriction requirement.

The Examiner maintains that the claims in the pairs of Groups I and II, Groups I and III, and Groups II and III constitute distinct inventions because the claims in each pair are "related as sub combinations" that are "separately useable." This is incorrect, because the claims in all three groups relate to a single invention that is used in all the claimed embodiments.

The claims of Group II — independent claims 53-55 — claim the invention as structuring a financial instrument by "adding to a borrowing a rate put option" and "permitting correlative adjustments to an outstanding loan principal." The independent claims in Groups I and III implicitly incorporate these two concepts (and thus so do all the dependent claims). The claims in the three groups represent nothing more than claiming the same invention in different terms and with different scopes.

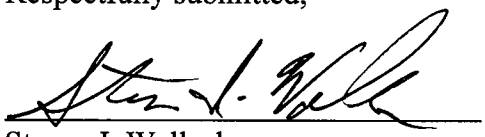
For example, in Group I, claim 1 recites "the debtor selling to the creditor a rate put option" — which implies that a rate put option has been added — as well as "a right . . . to have the principal adjusted" and "an adjustment to the principal" — which implies that correlative adjustments to principal are permitted. Thus, the invention of the Group II claims is implicitly part of the Group I claims.

Similarly, in Group III, claim 50 recites "providing that the instrument's sensitivity to parameter changes allow a debtor and a creditor to agree upon any possible combination or permutation of principal and interest to be paid, and the timing thereof" — which implies both the concept of the rate put option and the concept of correlative adjustments to principal. Thus, the invention of the Group II claims is implicitly part of the Group III claims.

In light of this, Groups I, II, and III represent not distinct inventions, but a single invention. The restriction requirement should therefore be withdrawn.

This application is believed to be in condition for allowance, and a notice to that effect is respectfully solicited.

Respectfully submitted,



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